

ASSEMBLY BILL

No. 1409

Introduced by Committee on Utilities and Commerce (Bradford (Chair), Bonilla, Buchanan, Fong, Garcia, Quirk, Rendon, Skinner, and Williams)

March 13, 2013

An act to amend Sections 398.4, 399.20, 399.22, 1904, and 2827 of, and to amend and renumber Section 387.8 of, the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1409, as introduced, Committee on Utilities and Commerce. Energy.

(1) Under existing law, the Public Utilities Commission (commission) has regulatory authority over public utilities, including electrical corporations, as defined. Decisions of the PUC adopted the California Solar Initiative. Existing law requires the governing body of a local publicly owned electric utility that sells electricity at retail to adopt, implement, and finance a solar initiative program for the purpose of investing in, and encouraging the increased installation of, residential and commercial solar energy systems.

This bill would move the above-described requirements for local publicly owned electric utilities from an area of the Public Utilities Code pertaining to electrical restructuring, to the area of the code pertaining to the implementation of the California Solar Initiative.

(2) Existing law allows the commission to charge and collect a fee of \$75 for filing each application for a certificate of public convenience and necessity, or for the mortgage, lease, transfer, or assignment of a certificate.

This bill would instead change that amount to a fee to be determined by commission rule or order and adjusted as appropriate based on the Consumer Price Index.

This bill would also make nonsubstantive changes and other conforming and corrective changes.

Vote: majority. Appropriation: no. Fiscal committee: yes.

State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 387.8 of the Public Utilities Code is
2 amended and renumbered to read:

3 ~~387.8.~~

4 2855. Notwithstanding paragraphs (2) and (5) of subdivision
5 (d) of Section ~~387.5~~ 2854, a local publicly owned electric utility
6 may adopt, implement, and finance a solar initiative program
7 otherwise in accordance with that section, using monetary
8 incentives authorized by subdivision (b) of Section ~~387.5~~ 2854,
9 to residential and business consumers where consumers offset part
10 or all of their electricity demand with electricity generated by a
11 solar energy system not located on the premises of the consumer,
12 if all of the following requirements are met:

13 (a) The solar energy system meets all of the following
14 conditions:

15 (1) It is located within the service territory of the local publicly
16 owned electric utility.

17 (2) It has a capacity of no more than five megawatts.

18 (3) It is interconnected to the local publicly owned electric
19 utility's system at the distribution level.

20 (b) The local publicly owned electric utility meets all of the
21 following conditions:

22 (1) It provides monetary incentives authorized by Section ~~387.5~~
23 2854 for not more than the first megawatt of generating capacity
24 of each solar energy system.

25 (2) It has contracted to purchase the total electricity produced
26 by the solar energy system or owns the solar energy system.

27 (3) It provides no greater incentive per watt for the solar energy
28 system than provided for by systems that participate in the
29 applicable solar initiative program established under Section ~~387.5~~
30 2854.

1 (4) It has received approval for the solar energy system from
2 its governing board at a publicly noticed and held meeting.

3 (c) The total megawatt capacity of solar energy systems eligible
4 for a local publicly owned electric utility program under this section
5 is both of the following:

6 (1) Not more than the total megawatt capacity of the combined
7 residential and commercial solar energy systems installed in the
8 service area of the local publicly owned electric utility after July
9 1, 2010, that participate in the applicable solar initiative programs
10 established under Section ~~387.5~~ 2854.

11 (2) Not more than 20 percent of the proportionate amount for
12 the local publicly owned electric utility of the overall 3,000
13 megawatt state goal set forth in Section ~~387.5~~ 2854, based on the
14 percentage of the total statewide load served by that entity.

15 SEC. 2. Section 398.4 of the Public Utilities Code is amended
16 to read:

17 398.4. (a) Every retail supplier that makes an offering to sell
18 electricity that is consumed in California shall disclose its
19 electricity sources for the previous calendar year.

20 (b) The disclosures required by this section shall be made to
21 potential end-use consumers in all product-specific written
22 promotional materials that are distributed to consumers by either
23 printed or electronic means, including the retail supplier's Internet
24 Web site, if one exists, except that advertisements and notices in
25 general circulation media shall not be subject to this requirement.

26 (c) The disclosures required by this section shall be made
27 annually to end-use consumers of the offered electricity. The annual
28 disclosure shall be made by the end of the first complete billing
29 cycle for the third quarter of the year, and shall be consistent with
30 information provided to the Energy Commission pursuant to
31 Section 398.5.

32 (d) The disclosures required by this section shall be made
33 separately for each offering made by the retail supplier.

34 (e) On or before January 1, 1998, the Energy Commission shall
35 specify guidelines for the format and means for disclosure required
36 by Section 398.3 and this section, based on the requirements of
37 this article and subject to public hearing.

38 (f) The costs of making the disclosures required by this section
39 shall be considered to be generation related.

(g) The disclosures required by this section shall comply with the following:

(1) A retail supplier's disclosure of its electricity sources shall be expressed as a percentage of annual sales derived from each of the following categories:

(A) Unspecified sources of electricity.

(B) Specific purchases.

(2) A retail supplier's disclosure of its electricity sources shall also separately identify total California system electricity, which is the sum of all in-state generation and net electricity imports by fuel type.

(h) Each of the categories specified in subdivision (g) shall be additionally identified as a percentage of annual sales that is derived from the following fuels or sources of energy:

(1) Coal.

(2) Large hydroelectric (greater than 30 megawatts).

(3) Natural gas.

(4) Nuclear.

(5) Eligible renewable energy resources pursuant to the California Renewables Portfolio Standard Program (Article 16 (commencing with Section 399.11)), including any of the following:

(A) Biomass and biowaste.

(B) Geothermal.

(C) Eligible hydroelectric.

(D) Solar.

(E) Wind.

(6) Other categories as determined by the Energy Commission.

(i) All electricity sources disclosed as specific purchases shall meet the requirements of subdivision (c) of Section 398.2.

(j) Specific purchases identified pursuant to this section shall be from sources connected to the Western Electricity Coordinating Council interconnected grid.

(k) Compliance with this section by a local publicly owned electric utility shall constitute compliance with ~~paragraph (2) of subdivision (b) (l) of Section 387~~ 399.30.

~~(l) The provisions of this~~ This section shall not apply to generators providing electric service onsite, under an over-the-fence transaction as described in Section 218, or to an affiliate or affiliates, as defined in subdivision (a) of Section 372.

1 SEC. 3. Section 399.20 of the Public Utilities Code is amended
2 to read:

3 399.20. (a) It is the policy of this state and the intent of the
4 Legislature to encourage electrical generation from eligible
5 renewable energy resources.

6 (b) As used in this section, “electric generation facility” means
7 an electric generation facility located within the service territory
8 of, and developed to sell electricity to, an electrical corporation
9 that meets all of the following criteria:

10 (1) Has an effective capacity of not more than three megawatts.

11 (2) Is interconnected and operates in parallel with the electrical
12 transmission and distribution grid.

13 (3) Is strategically located and interconnected to the electrical
14 transmission and distribution grid in a manner that optimizes the
15 deliverability of electricity generated at the facility to load centers.

16 (4) Is an eligible renewable energy resource.

17 (c) Every electrical corporation shall file with the commission
18 a standard tariff for electricity purchased from an electric
19 generation facility. The commission may modify or adjust the
20 requirements of this section for any electrical corporation with less
21 than 100,000 service connections, as individual circumstances
22 merit.

23 (d) (1) The tariff shall provide for payment for every
24 kilowatthour of electricity purchased from an electric generation
25 facility for a period of 10, 15, or 20 years, as authorized by the
26 commission. The payment shall be the market price determined
27 by the commission pursuant to paragraph (2) and shall include all
28 current and anticipated environmental compliance costs, including,
29 but not limited to, mitigation of emissions of greenhouse gases
30 and air pollution offsets associated with the operation of new
31 generating facilities in the local air pollution control or air quality
32 management district where the electric generation facility is
33 located.

34 (2) The commission shall establish a methodology to determine
35 the market price of electricity for terms corresponding to the length
36 of contracts with an electric generation facility, in consideration
37 of the following:

38 (A) The long-term market price of electricity for fixed price
39 contracts, determined pursuant to an electrical corporation’s general
40 procurement activities as authorized by the commission.

1 (B) The long-term ownership, operating, and fixed-price fuel
2 costs associated with fixed-price electricity from new generating
3 facilities.

4 (C) The value of different electricity products including
5 baseload, peaking, and as-available electricity.

6 (3) The commission may adjust the payment rate to reflect the
7 value of every kilowatthour of electricity generated on a
8 time-of-delivery basis.

9 (4) The commission shall ensure, with respect to rates and
10 charges, that ratepayers that do not receive service pursuant to the
11 tariff are indifferent to whether a ratepayer with an electric
12 generation facility receives service pursuant to the tariff.

13 (e) An electrical corporation shall provide expedited
14 interconnection procedures to an electric generation facility located
15 on a distribution circuit that generates electricity at a time and in
16 a manner so as to offset the peak demand on the distribution circuit,
17 if the electrical corporation determines that the electric generation
18 facility will not adversely affect the distribution grid. The
19 commission shall consider and may establish a value for an electric
20 generation facility located on a distribution circuit that generates
21 electricity at a time and in a manner so as to offset the peak demand
22 on the distribution circuit.

23 (f) (1) An electrical corporation shall make the tariff available
24 to the owner or operator of an electric generation facility within
25 the service territory of the electrical corporation, upon request, on
26 a first-come-first-served basis, until the electrical corporation meets
27 its proportionate share of a statewide cap of 750 megawatts
28 cumulative rated generation capacity served under this section and
29 Section 387.6 399.32. The proportionate share shall be calculated
30 based on the ratio of the electrical corporation's peak demand
31 compared to the total statewide peak demand.

32 (2) By June 1, 2013, the commission shall, in addition to the
33 750 megawatts identified in paragraph (1), direct the electrical
34 corporations to collectively procure at least 250 megawatts of
35 cumulative rated generating capacity from developers of bioenergy
36 projects that commence operation on or after June 1, 2013. The
37 commission shall, for each electrical corporation, allocate shares
38 of the additional 250 megawatts based on the ratio of each electrical
39 corporation's peak demand compared to the total statewide peak

1 demand. In implementing this paragraph, the commission shall do
2 all of the following:

3 (A) Allocate the 250 megawatts identified in this paragraph
4 among the electrical corporations based on the following
5 categories:

6 (i) For biogas from wastewater treatment, municipal organic
7 waste diversion, food processing, and codigestion, 110 megawatts.

8 (ii) For dairy and other agricultural bioenergy, 90 megawatts.

9 (iii) For bioenergy using byproducts of sustainable forest
10 management, 50 megawatts. Allocations under this category shall
11 be determined based on the proportion of bioenergy that sustainable
12 forest management providers derive from sustainable forest
13 management in fire threat treatment areas, as designated by the
14 Department of Forestry and Fire Protection.

15 (B) Direct the electrical corporations to develop standard
16 contract terms and conditions that reflect the operational
17 characteristics of the projects, and to provide a streamlined
18 contracting process.

19 (C) Coordinate, to the maximum extent feasible, any incentive
20 or subsidy programs for bioenergy with the agencies listed in
21 subparagraph (A) of paragraph (3) in order to provide maximum
22 benefits to ratepayers and to ensure that incentives are used to
23 reduce contract prices.

24 (D) The commission shall encourage gas and electrical
25 corporations to develop and offer programs and services to facilitate
26 development of in-state biogas for a broad range of purposes.

27 (3) (A) The commission, in consultation with the State Energy
28 Resources Conservation and Development Commission, the State
29 Air Resources Board, the Department of Forestry and Fire
30 Protection, the Department of Food and Agriculture, and the
31 Department of Resources Recycling and Recovery, may review
32 the allocations of the 250 additional megawatts identified in
33 paragraph (2) to determine if those allocations are appropriate.

34 (B) If the commission finds that the allocations of the 250
35 additional megawatts identified in paragraph (2) are not
36 appropriate, the commission may reallocate the 250 megawatts
37 among the categories established in subparagraph (A) of paragraph
38 (2).

39 (4) For the purposes of this subdivision, “bioenergy” means
40 biogas and biomass.

1 (g) The electrical corporation may make the terms of the tariff
2 available to owners and operators of an electric generation facility
3 in the form of a standard contract subject to commission approval.

4 (h) Every kilowatthour of electricity purchased from an electric
5 generation facility shall count toward meeting the electrical
6 corporation's renewables portfolio standard annual procurement
7 targets for purposes of paragraph (1) of subdivision (b) of Section
8 399.15.

9 (i) The physical generating capacity of an electric generation
10 facility shall count toward the electrical corporation's resource
11 adequacy requirement for purposes of Section 380.

12 (j) (1) The commission shall establish performance standards
13 for any electric generation facility that has a capacity greater than
14 one megawatt to ensure that those facilities are constructed,
15 operated, and maintained to generate the expected annual net
16 production of electricity and do not impact system reliability.

17 (2) The commission may reduce the three megawatt capacity
18 limitation of paragraph (1) of subdivision (b) if the commission
19 finds that a reduced capacity limitation is necessary to maintain
20 system reliability within that electrical corporation's service
21 territory.

22 (k) (1) Any owner or operator of an electric generation facility
23 that received ratepayer-funded incentives in accordance with
24 Section 379.6 of this code, or with Section 25782 of the Public
25 Resources Code, and participated in a net metering program
26 pursuant to Sections 2827, 2827.9, and 2827.10 of this code prior
27 to January 1, 2010, shall be eligible for a tariff or standard contract
28 filed by an electrical corporation pursuant to this section.

29 (2) In establishing the tariffs or standard contracts pursuant to
30 this section, the commission shall consider ratepayer-funded
31 incentive payments previously received by the generation facility
32 pursuant to Section 379.6 of this code or Section 25782 of the
33 Public Resources Code. The commission shall require
34 reimbursement of any funds received from these incentive
35 programs to an electric generation facility, in order for that facility
36 to be eligible for a tariff or standard contract filed by an electrical
37 corporation pursuant to this section, unless the commission
38 determines ratepayers have received sufficient value from the
39 incentives provided to the facility based on how long the project

1 has been in operation and the amount of renewable electricity
2 previously generated by the facility.

3 (3) A customer that receives service under a tariff or contract
4 approved by the commission pursuant to this section is not eligible
5 to participate in any net metering program.

6 (l) An owner or operator of an electric generation facility
7 electing to receive service under a tariff or contract approved by
8 the commission shall continue to receive service under the tariff
9 or contract until either of the following occurs:

10 (1) The owner or operator of an electric generation facility no
11 longer meets the eligibility requirements for receiving service
12 pursuant to the tariff or contract.

13 (2) The period of service established by the commission pursuant
14 to subdivision (d) is completed.

15 (m) Within 10 days of receipt of a request for a tariff pursuant
16 to this section from an owner or operator of an electric generation
17 facility, the electrical corporation that receives the request shall
18 post a copy of the request on its Internet Web site. The information
19 posted on the Internet Web site shall include the name of the city
20 in which the facility is located, but information that is proprietary
21 and confidential, including, but not limited to, address information
22 beyond the name of the city in which the facility is located, shall
23 be redacted.

24 (n) An electrical corporation may deny a tariff request pursuant
25 to this section if the electrical corporation makes any of the
26 following findings:

27 (1) The electric generation facility does not meet the
28 requirements of this section.

29 (2) The transmission or distribution grid that would serve as the
30 point of interconnection is inadequate.

31 (3) The electric generation facility does not meet all applicable
32 state and local laws and building standards and utility
33 interconnection requirements.

34 (4) The aggregate of all electric generating facilities on a
35 distribution circuit would adversely impact utility operation and
36 load restoration efforts of the distribution system.

37 (o) Upon receiving a notice of denial from an electrical
38 corporation, the owner or operator of the electric generation facility
39 denied a tariff pursuant to this section shall have the right to appeal
40 that decision to the commission.

(p) In order to ensure the safety and reliability of electric generation facilities, the owner of an electric generation facility receiving a tariff pursuant to this section shall provide an inspection and maintenance report to the electrical corporation at least once every other year. The inspection and maintenance report shall be prepared at the owner's or operator's expense by a California-licensed contractor who is not the owner or operator of the electric generation facility. A California-licensed electrician shall perform the inspection of the electrical portion of the generation facility.

(q) The contract between the electric generation facility receiving the tariff and the electrical corporation shall contain provisions that ensure that construction of the electric generating facility complies with all applicable state and local laws and building standards, and utility interconnection requirements.

(r) (1) All construction and installation of facilities of the electrical corporation, including at the point of the output meter or at the transmission or distribution grid, shall be performed only by that electrical corporation.

(2) All interconnection facilities installed on the electrical corporation's side of the transfer point for electricity between the electrical corporation and the electrical conductors of the electric generation facility shall be owned, operated, and maintained only by the electrical corporation. The ownership, installation, operation, reading, and testing of revenue metering equipment for electric generating facilities shall only be performed by the electrical corporation.

SEC. 4. Section 399.22 of the Public Utilities Code is amended to read:

399.22. (a) For purposes of this section, "state agency" means any state agency, board, department, or commission, including the entities specified in subdivision (a) of Section 15814.12 of the Government Code.

(b) A state agency generating electricity from an electric generation facility, as defined in Section ~~387.6 or~~ 399.20 or 399.32, that operates under a tariff adopted pursuant to either of those sections, and that is owned by, operated by, or on property under the control of, the state agency shall take the total annual amount of kilowatthours exported to the grid into consideration when

determining whether the state agency has achieved the policy goals and objectives established by law for the state agency.

SEC. 5. Section 1904 of the Public Utilities Code is amended to read:

1904. The commission shall also charge and collect the following fees:

(a) Except as otherwise provided in Section 1036 for filing each application for a certificate of public convenience and necessity, or for the mortgage, lease, transfer, or assignment thereof, ~~seventy-five dollars (\$75)~~ *a fee to be determined by commission rule or order and adjusted as appropriate based on the Consumer Price Index.*

(b) For a certificate authorizing an issue of bonds, notes, or other evidences of indebtedness, two dollars (\$2) for each one thousand dollars (\$1,000) of the face value of the authorized issue or fraction thereof up to one million dollars (\$1,000,000), one dollar (\$1) for each one thousand dollars (\$1,000) over one million dollars (\$1,000,000) and up to ten million dollars (\$10,000,000), and fifty cents (\$0.50) for each one thousand dollars (\$1,000) over ten million dollars (\$10,000,000), with a minimum fee in any case of fifty dollars (\$50). No fee need be paid on such portion of any such issue as may be used to guarantee, take over, refund, discharge, or retire any stock, bond, note or other evidence of indebtedness on which a fee has theretofore been paid to the commission. If the commission modified the amount of the issue requested in any case and the applicant thereupon elects not to avail itself of the commission's authorization, no fee shall be paid, and if such fee is paid prior to the issuance of such certificate by the commission, such fee shall be returned.

SEC. 6. Section 2827 of the Public Utilities Code is amended to read:

2827. (a) The Legislature finds and declares that a program to provide net energy metering combined with net surplus compensation, co-energy metering, and wind energy co-metering for eligible customer-generators is one way to encourage substantial private investment in renewable energy resources, stimulate in-state economic growth, reduce demand for electricity during peak consumption periods, help stabilize California's energy supply infrastructure, enhance the continued diversification of California's energy resource mix, reduce interconnection and administrative

1 costs for electricity suppliers, and encourage conservation and
2 efficiency.

3 (b) As used in this section, the following terms have the
4 following meanings:

5 (1) “Co-energy metering” means a program that is the same in
6 all other respects as a net energy metering program, except that
7 the local publicly owned electric utility has elected to apply a
8 generation-to-generation energy and time-of-use credit formula
9 as provided in subdivision (i).

10 (2) “Electrical cooperative” means an electrical cooperative as
11 defined in Section 2776.

12 (3) “Electric utility” means an electrical corporation, a local
13 publicly owned electric utility, or an electrical cooperative, or any
14 other entity, except an electric service provider, that offers electrical
15 service. This section shall not apply to a local publicly owned
16 electric utility that serves more than 750,000 customers and that
17 also conveys water to its customers.

18 (4) “Eligible customer-generator” means a residential customer,
19 small commercial customer as defined in subdivision (h) of Section
20 331, or commercial, industrial, or agricultural customer of an
21 electric utility, who uses a renewable electrical generation facility,
22 or a combination of those facilities, with a total capacity of not
23 more than one megawatt, that is located on the customer’s owned,
24 leased, or rented premises, and is interconnected and operates in
25 parallel with the electrical grid, and is intended primarily to offset
26 part or all of the customer’s own electrical requirements.

27 (5) “Renewable electrical generation facility” means a facility
28 that generates electricity from a renewable source listed in
29 paragraph (1) of subdivision (a) of Section 25741 of the Public
30 Resources Code. A small hydroelectric generation facility is not
31 an eligible renewable electrical generation facility if it will cause
32 an adverse impact on instream beneficial uses or cause a change
33 in the volume or timing of streamflow.

34 (6) “Net energy metering” means measuring the difference
35 between the electricity supplied through the electrical grid and the
36 electricity generated by an eligible customer-generator and fed
37 back to the electrical grid over a 12-month period as described in
38 subdivisions (c) and (h).

39 (7) “Net surplus customer-generator” means an eligible
40 customer-generator that generates more electricity during a

1 12-month period than is supplied by the electric utility to the
2 eligible customer-generator during the same 12-month period.

3 (8) “Net surplus electricity” means all electricity generated by
4 an eligible customer-generator measured in kilowatthours over a
5 12-month period that exceeds the amount of electricity consumed
6 by that eligible customer-generator.

7 (9) “Net surplus electricity compensation” means a per
8 kilowatthour rate offered by the electric utility to the net surplus
9 customer-generator for net surplus electricity that is set by the
10 ratemaking authority pursuant to subdivision (h).

11 (10) “Ratemaking authority” means, for an electrical
12 corporation, the commission, for an electrical cooperative, its
13 ratesetting body selected by its shareholders or members, and for
14 a local publicly owned electric utility, the local elected body
15 responsible for setting the rates of the local publicly owned utility.

16 (11) “Wind energy co-metering” means any wind energy project
17 greater than 50 kilowatts, but not exceeding one megawatt, where
18 the difference between the electricity supplied through the electrical
19 grid and the electricity generated by an eligible customer-generator
20 and fed back to the electrical grid over a 12-month period is as
21 described in subdivision (h). Wind energy co-metering shall be
22 accomplished pursuant to Section 2827.8.

23 (c) (1) Every electric utility shall develop a standard contract
24 or tariff providing for net energy metering, and shall make this
25 standard contract or tariff available to eligible customer-generators,
26 upon request, on a first-come-first-served basis until the time that
27 the total rated generating capacity used by eligible
28 customer-generators exceeds 5 percent of the electric utility’s
29 aggregate customer peak demand. Net energy metering shall be
30 accomplished using a single meter capable of registering the flow
31 of electricity in two directions. An additional meter or meters to
32 monitor the flow of electricity in each direction may be installed
33 with the consent of the eligible customer-generator, at the expense
34 of the electric utility, and the additional metering shall be used
35 only to provide the information necessary to accurately bill or
36 credit the eligible customer-generator pursuant to subdivision (h),
37 or to collect generating system performance information for
38 research purposes relative to a renewable electrical generation
39 facility. If the existing electrical meter of an eligible
40 customer-generator is not capable of measuring the flow of

1 electricity in two directions, the eligible customer-generator shall
2 be responsible for all expenses involved in purchasing and
3 installing a meter that is able to measure electricity flow in two
4 directions. If an additional meter or meters are installed, the net
5 energy metering calculation shall yield a result identical to that of
6 a single meter. An eligible customer-generator that is receiving
7 service other than through the standard contract or tariff may elect
8 to receive service through the standard contract or tariff until the
9 electric utility reaches the generation limit set forth in this
10 paragraph. Once the generation limit is reached, only eligible
11 customer-generators that had previously elected to receive service
12 pursuant to the standard contract or tariff have a right to continue
13 to receive service pursuant to the standard contract or tariff.
14 Eligibility for net energy metering does not limit an eligible
15 customer-generator's eligibility for any other rebate, incentive, or
16 credit provided by the electric utility, or pursuant to any
17 governmental program, including rebates and incentives provided
18 pursuant to the California Solar Initiative.

19 (2) An electrical corporation shall include a provision in the net
20 energy metering contract or tariff requiring that any customer with
21 an existing electrical generating facility and meter who enters into
22 a new net energy metering contract shall provide an inspection
23 report to the electrical corporation, unless the electrical generating
24 facility and meter have been installed or inspected within the
25 previous three years. The inspection report shall be prepared by a
26 ~~California-licensed~~ *California-licensed* contractor who is not the
27 owner or operator of the facility and meter. A ~~California-licensed~~
28 *California-licensed* electrician shall perform the inspection of the
29 electrical portion of the facility and meter.

30 (3) (A) On an annual basis, every electric utility shall make
31 available to the ratemaking authority information on the total rated
32 generating capacity used by eligible customer-generators that are
33 customers of that provider in the provider's service area and the
34 net surplus electricity purchased by the electric utility pursuant to
35 this section.

36 (B) An electric service provider operating pursuant to Section
37 394 shall make available to the ratemaking authority the
38 information required by this paragraph for each eligible
39 customer-generator that is their customer for each service area of
40 an electrical corporation, local publicly owned electrical utility,

1 or electrical cooperative, in which the eligible customer-generator
2 has net energy metering.

3 (C) The ratemaking authority shall develop a process for making
4 the information required by this paragraph available to electric
5 utilities, and for using that information to determine when, pursuant
6 to paragraphs (1) and (4), an electric utility is not obligated to
7 provide net energy metering to additional eligible
8 customer-generators in its service area.

9 (4) An electric utility is not obligated to provide net energy
10 metering to additional eligible customer-generators in its service
11 area when the combined total peak demand of all electricity used
12 by eligible customer-generators served by all the electric utilities
13 in that service area furnishing net energy metering to eligible
14 customer-generators exceeds 5 percent of the aggregate customer
15 peak demand of those electric utilities.

16 (d) Every electric utility shall make all necessary forms and
17 contracts for net energy metering and net surplus electricity
18 compensation service available for download from ~~the~~ *an* Internet
19 *Web site*.

20 (e) (1) Every electric utility shall ensure that requests for
21 establishment of net energy metering and net surplus electricity
22 compensation are processed in a time period not exceeding that
23 for similarly situated customers requesting new electric service,
24 but not to exceed 30 working days from the date it receives a
25 completed application form for net energy metering service or net
26 surplus electricity compensation, including a signed interconnection
27 agreement from an eligible customer-generator and the electric
28 inspection clearance from the governmental authority having
29 jurisdiction.

30 (2) Every electric utility shall ensure that requests for an
31 interconnection agreement from an eligible customer-generator
32 are processed in a time period not to exceed 30 working days from
33 the date it receives a completed application form from the eligible
34 customer-generator for an interconnection agreement.

35 (3) If an electric utility is unable to process a request within the
36 allowable timeframe pursuant to paragraph (1) or (2), it shall notify
37 the eligible customer-generator and the ratemaking authority of
38 the reason for its inability to process the request and the expected
39 completion date.

1 (f) (1) If a customer participates in direct transactions pursuant
2 to paragraph (1) of subdivision (b) of Section 365, or Section 365.1,
3 with an electric service provider that does not provide distribution
4 service for the direct transactions, the electric utility that provides
5 distribution service for the eligible customer-generator is not
6 obligated to provide net energy metering or net surplus electricity
7 compensation to the customer.

8 (2) If a customer participates in direct transactions pursuant to
9 paragraph (1) of subdivision (b) of Section 365 with an electric
10 service provider, and the customer is an eligible
11 customer-generator, the electric utility that provides distribution
12 service for the direct transactions may recover from the customer's
13 electric service provider the incremental costs of metering and
14 billing service related to net energy metering and net surplus
15 electricity compensation in an amount set by the ratemaking
16 authority.

17 (g) Except for the time-variant kilowatthour pricing portion of
18 any tariff adopted by the commission pursuant to paragraph (4) of
19 subdivision (a) of Section 2851, each net energy metering contract
20 or tariff shall be identical, with respect to rate structure, all retail
21 rate components, and any monthly charges, to the contract or tariff
22 to which the same customer would be assigned if the customer did
23 not use a renewable electrical generation facility, except that
24 eligible customer-generators shall not be assessed standby charges
25 on the electrical generating capacity or the kilowatthour production
26 of a renewable electrical generation facility. The charges for all
27 retail rate components for eligible customer-generators shall be
28 based exclusively on the customer-generator's net kilowatthour
29 consumption over a 12-month period, without regard to the eligible
30 customer-generator's choice as to from whom it purchases
31 electricity that is not self-generated. Any new or additional demand
32 charge, standby charge, customer charge, minimum monthly
33 charge, interconnection charge, or any other charge that would
34 increase an eligible customer-generator's costs beyond those of
35 other customers who are not eligible customer-generators in the
36 rate class to which the eligible customer-generator would otherwise
37 be assigned if the customer did not own, lease, rent, or otherwise
38 operate a renewable electrical generation facility is contrary to the
39 intent of this section, and shall not form a part of net energy
40 metering contracts or tariffs.

1 (h) For eligible customer-generators, the net energy metering
2 calculation shall be made by measuring the difference between
3 the electricity supplied to the eligible customer-generator and the
4 electricity generated by the eligible customer-generator and fed
5 back to the electrical grid over a 12-month period. The following
6 rules shall apply to the annualized net metering calculation:

7 (1) The eligible residential or small commercial
8 customer-generator, at the end of each 12-month period following
9 the date of final interconnection of the eligible
10 customer-generator's system with an electric utility, and at each
11 anniversary date thereafter, shall be billed for electricity used
12 during that 12-month period. The electric utility shall determine
13 if the eligible residential or small commercial customer-generator
14 was a net consumer or a net surplus customer-generator during
15 that period.

16 (2) At the end of each 12-month period, where the electricity
17 supplied during the period by the electric utility exceeds the
18 electricity generated by the eligible residential or small commercial
19 customer-generator during that same period, the eligible residential
20 or small commercial customer-generator is a net electricity
21 consumer and the electric utility shall be owed compensation for
22 the eligible customer-generator's net kilowatthour consumption
23 over that 12-month period. The compensation owed for the eligible
24 residential or small commercial customer-generator's consumption
25 shall be calculated as follows:

26 (A) For all eligible customer-generators taking service under
27 contracts or tariffs employing "baseline" and "over baseline" rates,
28 any net monthly consumption of electricity shall be calculated
29 according to the terms of the contract or tariff to which the same
30 customer would be assigned to, or be eligible for, if the customer
31 was not an eligible customer-generator. If those same
32 customer-generators are net generators over a billing period, the
33 net kilowatthours generated shall be valued at the same price per
34 kilowatthour as the electric utility would charge for the baseline
35 quantity of electricity during that billing period, and if the number
36 of kilowatthours generated exceeds the baseline quantity, the excess
37 shall be valued at the same price per kilowatthour as the electric
38 utility would charge for electricity over the baseline quantity during
39 that billing period.

1 (B) For all eligible customer-generators taking service under
2 contracts or tariffs employing time-of-use rates, any net monthly
3 consumption of electricity shall be calculated according to the
4 terms of the contract or tariff to which the same customer would
5 be assigned, or be eligible for, if the customer was not an eligible
6 customer-generator. When those same customer-generators are
7 net generators during any discrete time-of-use period, the net
8 kilowatthours produced shall be valued at the same price per
9 kilowatthour as the electric utility would charge for retail
10 kilowatthour sales during that same time-of-use period. If the
11 eligible customer-generator's time-of-use electrical meter is unable
12 to measure the flow of electricity in two directions, paragraph (1)
13 of subdivision (c) shall apply.

14 (C) For all eligible residential and small commercial
15 customer-generators and for each billing period, the net balance
16 of moneys owed to the electric utility for net consumption of
17 electricity or credits owed to the eligible customer-generator for
18 net generation of electricity shall be carried forward as a monetary
19 value until the end of each 12-month period. For all eligible
20 commercial, industrial, and agricultural customer-generators, the
21 net balance of moneys owed shall be paid in accordance with the
22 electric utility's normal billing cycle, except that if the eligible
23 commercial, industrial, or agricultural customer-generator is a net
24 electricity producer over a normal billing cycle, any excess
25 kilowatthours generated during the billing cycle shall be carried
26 over to the following billing period as a monetary value, calculated
27 according to the procedures set forth in this section, and appear as
28 a credit on the eligible commercial, industrial, or agricultural
29 customer-generator's account, until the end of the annual period
30 when paragraph (3) shall apply.

31 (3) At the end of each 12-month period, where the electricity
32 generated by the eligible customer-generator during the 12-month
33 period exceeds the electricity supplied by the electric utility during
34 that same period, the eligible customer-generator is a net surplus
35 customer-generator and the electric utility, upon an affirmative
36 election by the net surplus customer-generator, shall either (A)
37 provide net surplus electricity compensation for any net surplus
38 electricity generated during the prior 12-month period, or (B) allow
39 the net surplus customer-generator to apply the net surplus
40 electricity as a credit for kilowatthours subsequently supplied by

1 the electric utility to the net surplus customer-generator. For an
2 eligible customer-generator that does not affirmatively elect to
3 receive service pursuant to net surplus electricity compensation,
4 the electric utility shall retain any excess kilowatthours generated
5 during the prior 12-month period. The eligible customer-generator
6 not affirmatively electing to receive service pursuant to net surplus
7 electricity compensation shall not be owed any compensation for
8 the net surplus electricity unless the electric utility enters into a
9 purchase agreement with the eligible customer-generator for those
10 excess kilowatthours. Every electric utility shall provide notice to
11 eligible customer-generators that they are eligible to receive net
12 surplus electricity compensation for net surplus electricity, that
13 they must elect to receive net surplus electricity compensation,
14 and that the 12-month period commences when the electric utility
15 receives the eligible customer-generator's election. For an electric
16 utility that is an electrical corporation or electrical cooperative,
17 the commission may adopt requirements for providing notice and
18 the manner by which eligible customer-generators may elect to
19 receive net surplus electricity compensation.

20 (4) (A) An eligible customer-generator with multiple meters
21 may elect to aggregate the electrical load of the meters located on
22 the property where the renewable electrical generation facility is
23 located and on all property adjacent or contiguous to the property
24 on which the renewable electrical generation facility is located, if
25 those properties are solely owned, leased, or rented by the eligible
26 customer-generator. If the eligible customer-generator elects to
27 aggregate the electric load pursuant to this paragraph, the electric
28 utility shall use the aggregated load for the purpose of determining
29 whether an eligible customer-generator is a net consumer or a net
30 surplus customer-generator during a 12-month period.

31 (B) If an eligible customer-generator chooses to aggregate
32 pursuant to subparagraph (A), the eligible customer-generator shall
33 be permanently ineligible to receive net surplus electricity
34 compensation, and the electric utility shall retain any kilowatthours
35 in excess of the eligible customer-generator's aggregated electrical
36 load generated during the 12-month period.

37 (C) If an eligible customer-generator with multiple meters elects
38 to aggregate the electrical load of those meters pursuant to
39 subparagraph (A), and different rate schedules are applicable to
40 service at any of those meters, the electricity generated by the

1 renewable electrical generation facility shall be allocated to each
2 of the meters in proportion to the electrical load served by those
3 meters. For example, if the eligible customer-generator receives
4 electric service through three meters, two meters being at an
5 agricultural rate that each provide service to 25 percent of the
6 customer's total load, and a third meter, at a commercial rate, that
7 provides service to 50 percent of the customer's total load, then
8 50 percent of the electrical generation of the eligible renewable
9 generation facility shall be allocated to the third meter that provides
10 service at the commercial rate and 25 percent of the generation
11 shall be allocated to each of the two meters providing service at
12 the agricultural rate. This proportionate allocation shall be
13 computed each billing period.

14 (D) This paragraph shall not become operative for an electrical
15 corporation unless the commission determines that allowing
16 eligible customer-generators to aggregate their load from multiple
17 meters will not result in an increase in the expected revenue
18 obligations of customers who are not eligible customer-generators.
19 The commission shall make this determination by September 30,
20 2013. In making this determination, the commission shall determine
21 if there are any public purpose or other noncommodity charges
22 that the eligible customer-generators would pay pursuant to the
23 net energy metering program as it exists prior to aggregation, that
24 the eligible customer-generator would not pay if permitted to
25 aggregate the electrical load of multiple meters pursuant to this
26 paragraph.

27 (E) A local publicly owned electric utility or electrical
28 cooperative shall only allow eligible customer-generators to
29 aggregate their load if the utility's ratemaking authority determines
30 that allowing eligible customer-generators to aggregate their load
31 from multiple meters will not result in an increase in the expected
32 revenue obligations of customers that are not eligible
33 customer-generators. The ratemaking authority of a local publicly
34 owned electric utility or electrical cooperative shall make this
35 determination within 180 days of the first request made by an
36 eligible customer-generator to aggregate their load. In making the
37 determination, the ratemaking authority shall determine if there
38 are any public purpose or other noncommodity charges that the
39 eligible customer-generator would pay pursuant to the net energy
40 metering or co-energy metering program of the utility as it exists

1 prior to aggregation, that the eligible customer-generator would
2 not pay if permitted to aggregate the electrical load of multiple
3 meters pursuant to this paragraph. If the ratemaking authority
4 determines that load aggregation will not cause an incremental
5 rate impact on the utility's customers that are not eligible
6 customer-generators, the local publicly owned electric utility or
7 electrical cooperative shall permit an eligible customer-generator
8 to elect to aggregate the electrical load of multiple meters pursuant
9 to this paragraph. The ratemaking authority may reconsider any
10 determination made pursuant to this subparagraph in a subsequent
11 public proceeding.

12 (F) For purposes of this paragraph, parcels that are divided by
13 a street, highway, or public thoroughfare are considered contiguous,
14 provided they are otherwise contiguous and under the same
15 ownership.

16 (G) An eligible customer-generator may only elect to aggregate
17 the electrical load of multiple meters if the renewable electrical
18 generation facility, or a combination of those facilities, has a total
19 generating capacity of not more than one megawatt.

20 (H) Notwithstanding subdivision (g), an eligible
21 customer-generator electing to aggregate the electrical load of
22 multiple meters pursuant to this subdivision shall remit service
23 charges for the cost of providing billing services to the electric
24 utility that provides service to the meters.

25 (5) (A) The ratemaking authority shall establish a net surplus
26 electricity compensation valuation to compensate the net surplus
27 customer-generator for the value of net surplus electricity generated
28 by the net surplus customer-generator. The commission shall
29 establish the valuation in a ratemaking proceeding. The ratemaking
30 authority for a local publicly owned electric utility shall establish
31 the valuation in a public proceeding. The net surplus electricity
32 compensation valuation shall be established so as to provide the
33 net surplus customer-generator just and reasonable compensation
34 for the value of net surplus electricity, while leaving other
35 ratepayers unaffected. The ratemaking authority shall determine
36 whether the compensation will include, where appropriate
37 justification exists, either or both of the following components:

38 (i) The value of the electricity itself.

39 (ii) The value of the renewable attributes of the electricity.

1 (B) In establishing the rate pursuant to subparagraph (A), the
2 ratemaking authority shall ensure that the rate does not result in a
3 shifting of costs between eligible customer-generators and other
4 bundled service customers.

5 (6) (A) Upon adoption of the net surplus electricity
6 compensation rate by the ratemaking authority, any renewable
7 energy credit, as defined in Section 399.12, for net surplus
8 electricity purchased by the electric utility shall belong to the
9 electric utility. Any renewable energy credit associated with
10 electricity generated by the eligible customer-generator that is
11 utilized by the eligible customer-generator shall remain the property
12 of the eligible customer-generator.

13 (B) Upon adoption of the net surplus electricity compensation
14 rate by the ratemaking authority, the net surplus electricity
15 purchased by the electric utility shall count toward the electric
16 utility's renewables portfolio standard annual procurement targets
17 for the purposes of paragraph (1) of subdivision (b) of Section
18 399.15, or for a local publicly owned electric utility, the renewables
19 portfolio standard annual procurement targets established pursuant
20 to Section ~~387~~ 399.30.

21 (7) The electric utility shall provide every eligible residential
22 or small commercial customer-generator with net electricity
23 consumption and net surplus electricity generation information
24 with each regular bill. That information shall include the current
25 monetary balance owed the electric utility for net electricity
26 consumed, or the net surplus electricity generated, since the last
27 12-month period ended. Notwithstanding this subdivision, an
28 electric utility shall permit that customer to pay monthly for net
29 energy consumed.

30 (8) If an eligible residential or small commercial
31 customer-generator terminates the customer relationship with the
32 electric utility, the electric utility shall reconcile the eligible
33 customer-generator's consumption and production of electricity
34 during any part of a 12-month period following the last
35 reconciliation, according to the requirements set forth in this
36 subdivision, except that those requirements shall apply only to the
37 months since the most recent 12-month bill.

38 (9) If an electric service provider or electric utility providing
39 net energy metering to a residential or small commercial
40 customer-generator ceases providing that electric service to that

1 customer during any 12-month period, and the customer-generator
2 enters into a new net energy metering contract or tariff with a new
3 electric service provider or electric utility, the 12-month period,
4 with respect to that new electric service provider or electric utility,
5 shall commence on the date on which the new electric service
6 provider or electric utility first supplies electric service to the
7 customer-generator.

8 (i) Notwithstanding any other provisions of this section,
9 paragraphs (1), (2), and (3) shall apply to an eligible
10 customer-generator with a capacity of more than 10 kilowatts, but
11 not exceeding one megawatt, that receives electric service from a
12 local publicly owned electric utility that has elected to utilize a
13 co-energy metering program unless the local publicly owned
14 electric utility chooses to provide service for eligible
15 customer-generators with a capacity of more than 10 kilowatts in
16 accordance with subdivisions (g) and (h):

17 (1) The eligible customer-generator shall be required to utilize
18 a meter, or multiple meters, capable of separately measuring
19 electricity flow in both directions. All meters shall provide
20 time-of-use measurements of electricity flow, and the customer
21 shall take service on a time-of-use rate schedule. If the existing
22 meter of the eligible customer-generator is not a time-of-use meter
23 or is not capable of measuring total flow of electricity in both
24 directions, the eligible customer-generator shall be responsible for
25 all expenses involved in purchasing and installing a meter that is
26 both time-of-use and able to measure total electricity flow in both
27 directions. This subdivision shall not restrict the ability of an
28 eligible customer-generator to utilize any economic incentives
29 provided by a governmental agency or an electric utility to reduce
30 its costs for purchasing and installing a time-of-use meter.

31 (2) The consumption of electricity from the local publicly owned
32 electric utility shall result in a cost to the eligible
33 customer-generator to be priced in accordance with the standard
34 rate charged to the eligible customer-generator in accordance with
35 the rate structure to which the customer would be assigned if the
36 customer did not use a renewable electrical generation facility.
37 The generation of electricity provided to the local publicly owned
38 electric utility shall result in a credit to the eligible
39 customer-generator and shall be priced in accordance with the
40 generation component, established under the applicable structure

1 to which the customer would be assigned if the customer did not
2 use a renewable electrical generation facility.

3 (3) All costs and credits shall be shown on the eligible
4 customer-generator's bill for each billing period. In any months
5 in which the eligible customer-generator has been a net consumer
6 of electricity calculated on the basis of value determined pursuant
7 to paragraph (2), the customer-generator shall owe to the local
8 publicly owned electric utility the balance of electricity costs and
9 credits during that billing period. In any billing period in which
10 the eligible customer-generator has been a net producer of
11 electricity calculated on the basis of value determined pursuant to
12 paragraph (2), the local publicly owned electric utility shall owe
13 to the eligible customer-generator the balance of electricity costs
14 and credits during that billing period. Any net credit to the eligible
15 customer-generator of electricity costs may be carried forward to
16 subsequent billing periods, provided that a local publicly owned
17 electric utility may choose to carry the credit over as a kilowatthour
18 credit consistent with the provisions of any applicable contract or
19 tariff, including any differences attributable to the time of
20 generation of the electricity. At the end of each 12-month period,
21 the local publicly owned electric utility may reduce any net credit
22 due to the eligible customer-generator to zero.

23 (j) A renewable electrical generation facility used by an eligible
24 customer-generator shall meet all applicable safety and
25 performance standards established by the National Electrical Code,
26 the Institute of Electrical and Electronics Engineers, and accredited
27 testing laboratories, including Underwriters Laboratories
28 Incorporated and, where applicable, rules of the commission
29 regarding safety and reliability. A customer-generator whose
30 renewable electrical generation facility meets those standards and
31 rules shall not be required to install additional controls, perform
32 or pay for additional tests, or purchase additional liability
33 insurance.

34 (k) If the commission determines that there are cost or revenue
35 obligations for an electrical corporation that may not be recovered
36 from customer-generators acting pursuant to this section, those
37 obligations shall remain within the customer class from which any
38 shortfall occurred and shall not be shifted to any other customer
39 class. Net energy metering and co-energy metering customers shall
40 not be exempt from the public goods charges imposed pursuant to

1 Article 7 (commencing with Section 381), Article 8 (commencing
2 with Section 385), or Article 15 (commencing with Section 399)
3 of Chapter 2.3 of Part 1.

4 (l) A net energy metering, co-energy metering, or wind energy
5 co-metering customer shall reimburse the Department of Water
6 Resources for all charges that would otherwise be imposed on the
7 customer by the commission to recover bond-related costs pursuant
8 to an agreement between the commission and the Department of
9 Water Resources pursuant to Section 80110 of the Water Code,
10 as well as the costs of the department equal to the share of the
11 department's estimated net unavoidable power purchase contract
12 costs attributable to the customer. The commission shall
13 incorporate the determination into an existing proceeding before
14 the commission, and shall ensure that the charges are
15 nonbypassable. Until the commission has made a determination
16 regarding the nonbypassable charges, net energy metering,
17 co-energy metering, and wind energy co-metering shall continue
18 under the same rules, procedures, terms, and conditions as were
19 applicable on December 31, 2002.

20 (m) In implementing the requirements of subdivisions (k) and
21 (l), an eligible customer-generator shall not be required to replace
22 its existing meter except as set forth in paragraph (1) of subdivision
23 (c), nor shall the electric utility require additional measurement of
24 usage beyond that which is necessary for customers in the same
25 rate class as the eligible customer-generator.

26 (n) It is the intent of the Legislature that the Treasurer
27 incorporate net energy metering, including net surplus electricity
28 compensation, co-energy metering, and wind energy co-metering
29 projects undertaken pursuant to this section as sustainable building
30 methods or distributive energy technologies for purposes of
31 evaluating low-income housing projects.